

EXECUTIVE CHAMBERS

HONOLULU

July 10, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 439

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 439, entitled "A Bill for an Act Relating to the Ombudsman."

House Bill No. 439 provides the Ombudsman with access to taxpayers' confidential tax returns and return information, ostensibly to allow the Ombudsman to investigate complaints from taxpayers concerning the processing of their tax returns.

The statutory guarantee that taxpayers' returns will remain confidential promotes full compliance with Hawaii's tax laws and encourages taxpayers to voluntarily report their income from all sources. This bill unnecessarily erodes the strong statutory assurance of confidentiality that attaches to each taxpayer's tax returns.

The Department of Taxation is authorized to disclose, and routinely discloses, confidential tax returns upon the express written authorization of the taxpayer affected. Where it is necessary for the Ombudsman to investigate a complaint regarding the processing of a tax return, the Ombudsman should reasonably be able to obtain the written authorization of the complaining party.

Furthermore, the Department of Taxation Taxpayer Advocate is responsible for helping resolve tax disputes. Thus, it is possible to resolve a majority of concerns without violating the confidential arrangements for protecting taxpayer data that already exists within the Executive Branch.

For the foregoing reasons, I am returning House Bill
No. 439 without my approval.

Respectfully,

A handwritten signature in black ink, appearing to read "Linda Lingle", written in a cursive style.

LINDA LINGLE
Governor of Hawaii